

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: :
:
RANDALL'S ISLAND FAMILY : **Chapter 11 Case Nos.**
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GOLF CENTERS, INC., et al., : **00-41065 (SMB) through**
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Debtors. : **00-41196 (SMB)**
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**APPLICATION FOR AN ORDER UNDER BANKRUPTCY CODE
SECTIONS 327 and 328(a) of the BANKRUPTCY CODE and FED. R.
BANKR. P. 2014(a) AUTHORIZING THE EMPLOYMENT AND RETENTION
OF JEFFREY CHANIN AND COMPANY LLC AS FINANCIAL ADVISOR
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

TO THE HONORABLE STUART M. BERNSTEIN,
CHIEF UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Unsecured Creditors (the "Committee")
appointed in the Chapter 11 case of Randall's Island Family Golf Centers, Inc., *et al.*¹,

¹ On May 4, 2000 the Court ordered the following chapter 11 cases to be consolidated for procedural purposes only and to be jointly administered: Randall's Island Family Golf Centers, Inc.; 82nd Avenue Golf Range, Inc.; Alpharetta Family Golf Centers, Inc.; Blue Eagle (OP) Inc.; Blue Eagle of Florida, Inc.; Blue Eagle of Kansas, Inc.; Bronx Family Golf Centers, Inc.; Brooklyn Family Golf Centers, Inc.; Broward Family Golf Centers, Inc.; C.B. Family Golf Centers, Inc.; Carlsbad Family Golf Centers, Inc.; Carolina Springs Family Golf Centers, Inc.; Carver Family Golf Centers, Inc.; Cerritos Family Golf Centers, Inc.; Chicago Family Golf Centers, Inc.; Cincinnati Family Golf Centers, Inc.; Commack Family Golf Centers, Inc.; Confidence Golf, Inc.; County Line Family Golf Centers, Inc.; Darlington Family Golf Centers, Inc.; Denver Family Golf Centers, Inc.; Eagle Quest Golf Centers (H.P.) Inc.; Eagle Quest Golf Centers (California) Inc.; Eagle Quest Golf Centers (Texas II) Inc.; Eagle Quest Golf Centers (Texas) Inc.; Eagle Quest Golf Centers (U.S.) Inc.; Eagle Quest Golf Centers (Washington II), Inc.; Eagle Quest Golf Centers (Washington) Inc.; Eagle Quest Golf Centers Entertainment Inc.; Easton Family Golf Centers, Inc.; El Cajon Family Golf Centers, Inc.; Elk Grove Family Golf Centers, Inc.; Encino/Balboa Family Golf Centers, Inc.; Englewood Family Golf Centers, Inc.; Evergreen Family Golf Centers, Inc.; Evergreen Golf Course, L.L.C.; Fairfield Family Golf Centers, Inc.; Family Golf Acquisition, Inc.; Family Golf Centers, Inc.; Family Golf Vending, Inc.; Federal Way Family Golf Centers, Inc.; Flanders Family Golf Centers, Inc.; Flemington Family Golf Centers, Inc.; GBGC Family Golf Centers, Inc.; Genprop, LLC; Global/Golf Gavilan; Golden Spikes, Inc.; Golf Park, Inc.; Goose Creek Golf Partners L.P.; Green Valley Family Golf Centers, Inc.; Green Valley Ranch Golf Course, LLC; Greenville Family Golf Centers, Inc.; Holbrook Family Golf Centers, Inc.; Iceworks of America, Inc.; Illinois Center Golf Partners, L.P.; IMG Properties, Inc.; Indian River Family Golf Centers, Inc.; Interbay Family Golf Centers, Inc.; International Skating Center of Connecticut, LLC; Kansas City Family golf Centers, Inc.; Kansas (cont.)

(collectively, the “Debtors”) submits this application (the “Application”) for an order, pursuant to Sections 327 and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Committee to retain and employ Jeffrey Chanin and Company LLC (“Chanin”) as its financial advisor, pursuant to the terms of its engagement letter annexed hereto as Exhibit A (the “Engagement Letter”), *nunc pro tunc*, effective as of May 17, 2000. In support of this Application, the Committee submits the Affidavit of Randall L. Lambert (“Lambert Affidavit”), a managing director of Chanin, a copy of which is annexed hereto as Exhibit B, and states as follows:

JURISDICTION AND VENUE

Pursuant to 28 U.S.C. §§ 157 and 1334, this Court has jurisdiction over this matter. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409. The statutory predicates for the relief sought herein are Sections 327 and 328(a) of the Bankruptcy Code.

(cont.)

Family Golf Centers, Inc.; Lake Grove Family Golf Centers, Inc.; Lodi Family Golf Centers, Inc.; Maineville Family Golf Centers, Inc.; Margate Family Golf Centers, Inc.; Mesa Family Golf Centers, Inc.; MetroGolf Illinois Center, Inc.; MetroGolf Incorporated; MetroGolf Management, Inc.; MetroGolf New York, Inc.; MetroGolf San Diego, Inc.; MetroGolf Virginia, Inc.; Milpitas Family Golf Centers, Inc.; Milwaukee Family Golf Centers, Inc.; Olney Family Golf Centers, Inc.; Orient Associates International, Inc.; Overland Family Golf Centers, Inc.; Overland Park, LLC; Palm Desert Family Golf Centers, Inc.; Palm Family Golf Centers, Inc.; Pardoc Vending Corp.; Peachtree Family Golf Centers, Inc.; Pelham Family Golf Centers, Inc.; Philadelphia Family Golf Centers, Inc.; Pinnacle Entertainment, Inc.; Portland Family Golf Centers, Inc.; Precision Courses, Inc.; Privatization Plus, Inc.; Raleigh Family Golf Centers, Inc.; Recreational Management Corporation; Recreational Management Services Corporation; Recreational Management Services of New Jersey, Inc.; Richmond Family Golf Centers, Inc.; RMSC of California, Inc.; Sacramento Family Golf Centers, Inc.; San Bruno Family Golf Centers, Inc.; San Jose Family Golf Centers, Inc.; Shelton Family Golf Centers, Inc.; SkateNation Inc.; SkateNation of Piney Orchard, L.L.C.; SkateNation of Prince William, L.L.C.; SkateNation of Reston, LLC; SkateNation of Richmond South, LLC; SkateNation of Richmond West, L.L.C.; Skycon Construction Co.; Skydrive Alley Pond Company, Inc.; Skydrive Co., Inc.; Skydrive Greenburgh Co.; Skydrive Willowbrook NJ, Inc.; Solano Golf Center, L.P.; Sports Plus Cincinnati, Inc.; Sports Plus New Rochelle, Inc.; Sports Plus Properties, Inc.; Sports Plus Properties, LLC; Sports Plus Raleigh, Inc.; Sports Plus Woodbridge, Inc.; St. Louis Family Golf Centers, Inc.; Stuart Family Golf Centers, Inc.; Tempe Family Golf Centers, Inc.; The Practice Tee, Inc.; The Seven Iron, Inc.; TPT El Segundo, Inc.; Tucson Family Golf Centers, Inc.; Valley View Family Golf Centers, Inc.; Vintage New York Golf, L.L.C.; Virginia Beach Family Golf Centers, Inc.; Voorhees Family Golf Centers, Inc.; West Palm Beach Family Golf Centers, Inc.;

(cont.)

BACKGROUND

1. On May 4, 2000, each of the Debtors filed their respective voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2. The Debtors' Chapter 11 cases were administratively consolidated and are being jointly administered. No trustee or examiner has been appointed in the Debtors' cases.

3. Under section 1102(a) and 1102(b) of the Bankruptcy Code, on May 12, 2000, the United States Trustee formed the Committee and appointed the following entities to serve as its members: Spalding Sports Worldwide, Inc. ("Spalding"); Ashworth, Inc.; Adams Golf, Inc.; United States Trust Company of New York (as Indenture Trustee) ("U.S. Trust"); S.A.C. Capital Associates, LLC; LC Capital Partners, LP; and PJ Venture. A copy of the notification by the United States Trustee is annexed hereto as Exhibit C.

4. On May 12, 2000, the Committee met and elected Spalding and U.S. Trust as its co-chairpersons. At that same meeting, the Committee selected BI&L as its counsel, subject to this Court's approval.²

5. On May 17, 2000, the Committee interviewed several accountants and financial advisors and duly selected Chanin to provide financial advisory services to the Committee during the pendency of these Chapter 11 cases.

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Westminster Family Golf Centers, Inc.; Whitehall Family Golf Centers, Inc.; Wichita Family Golf Centers, Inc.; Yorktown Family Golf Centers, Inc.

²

An application for the retention of BI&L by the Committee was filed with the Court on May 18, 2000.

RELIEF REQUESTED

6. Pursuant to Sections 327 and 328(a) of the Bankruptcy Code, and by this Application, the Committee seeks authority to retain Chanin as its financial advisor regarding all matters related to the Debtors' Chapter 11 cases.

7. The Committee requires the services of an experienced financial advisor to assist and advise it in these Chapter 11 cases. The Committee selected Chanin because it has extensive experience advising debtors, creditors, investors, and court-appointed officials in bankruptcy proceedings and out-of-court workouts, and also has the capacity and experience to testify in Court in support of its findings or work performed.

8. For example, Chanin has represented official creditors' or equity committees in the following recent significant Chapter 11 cases: Alliance Entertainment Corp.; Harvard Industries, Inc.; Marvel Entertainment Group, Inc.; Mercury Finance Company; Paragon Trade Brands, Inc.; Unison HealthCare Corporation. Accordingly, the Committee urges this Court to grant the within application to retain Chanin.

CHANIN'S ROLE

9. Subject to the direction of the Committee, the professional services anticipated to be rendered by Chanin for the Committee will include the following:

- (a) Analysis of the Company's operations, business strategy, concept implementation, marketing plan, and competition in each of the relevant markets as well as, an analysis of the industry dynamics affecting the Company;
- (b) Analysis of the Company's financial condition, business plans, operating forecasts, management, and the prospects for its future performance;
- (c) Financial valuation of the ongoing operations of the Company;

- (d) Assist the Committee in developing, evaluating, structuring and negotiating the terms and conditions of a potential Restructuring, including the value of the securities, if any, that may be issued to the Committee under any Restructuring;
- (e) Analysis of potential divestitures of the Company's operations;
- (f) Provide the Committee with other and further financial advisory services with respect to the Company, including expert testimony, valuation, general restructuring and advice with respect to financial, business and economic issues as may arise during the course of the Restructuring as requested by the Committee.

10. The Committee believes that it is necessary to employ a financial advisor to render the professional services to the Committee as described above in order to facilitate the Committee's tasks. Further, the Committee believes that Chanin is well qualified to handle the demanding work required in these cases.

11. The Committee intends to work closely with Chanin to ensure no duplication of services is performed or charged in these Chapter 11 cases.

CHANIN'S DISCLOSURE

12. Chanin has informed the Committee that it does not, based upon information, knowledge and belief, represent any other entity having an adverse interest in connection with the matters for which it is to be retained in these cases, except to the extent set forth in the Lambert Affidavit. Thus, Chanin has indicated that it is a "disinterested person" as defined by Section 101(14) of the Bankruptcy Code.

13. In the event Chanin discovers any other connections with any parties in interest, or any other information pertinent to this Application under the requirements of Bankruptcy Rule 2014, a subsequent disclosure shall be promptly made.

14. The Committee believes that Chanin does not hold or represent any interest adverse to the Committee in respect of the matters upon which Chanin is to be engaged, and that Chanin's employment is necessary and in the best interests of the Committee.

CHANIN'S COMPENSATION

15. The Committee requests that Chanin be allowed compensation for its services and reimbursement for its expenses in accordance with Sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016 upon submission of appropriate applications therefor, subject to the review and approval of this Court. Each application shall be reviewed and approved by the Committee prior to being filed with this Court. As set forth in the Engagement Letter, Chanin has agreed to make appropriate application to this Court for compensation in compliance with the Bankruptcy Rules. Chanin proposes to be paid in accordance with the terms of the attached Engagement Letter, which provides for a monthly advisory fee of \$75,000.

16. In addition to the compensation set out above, and subject to the approval of this Court, Chanin has agreed to make appropriate application to this Court for reimbursement of expenses for any actual and necessary reasonable expenses incurred by it during the course of its engagement. The expenses to be charged may include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, photocopying charges, travel expenses, expenses for "working meals," as well as other non-ordinary overhead expenses. The Committee has been assured that Chanin will charge the Committee for these expenses at rates consistent with charges made to other Chanin clients.

17. Chanin employees do not keep hourly records as the maintenance of hourly records is not customary for investment banking services. In addition, industry standards dictate that the maintenance of hourly records is not necessary as compensation is standard, predetermined and market-based. Therefore, Chanin expects that its application for compensation will be based on a narrative description of its services rather than on hourly time records.

18. The Committee believes that the fees of Chanin, set forth herein, in the Engagement Letter, and the Lambert Affidavit are fair and reasonable in light of industry practice, market rates both in and out of Chapter 11 cases, Chanin's experience in reorganizations, and the scope of the work to be performed pursuant to its retention.

NOTICE

19. No trustee or examiner has been appointed in these Chapter 11 cases. Notice of this Application has been given to the Debtors, the Office of the United States Trustee, counsel to the Debtors, the top twenty unsecured creditors of the Debtors, and to all parties who have filed a Notice of Appearance in these cases pursuant to Bankruptcy Rule 2002. The Committee submits that no further notice is required.

WAIVER OF MEMORANDUM OF LAW

20. The Committee submits that there are no novel issues of law raised by this Application, and as the Application contains a brief description of relevant law, the Committee respectfully requests that this Court waive the requirement of local Rule 9013-1(b) that a memorandum of law be filed.

21. No prior application for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Committee respectfully requests that the Court enter the annexed order approving the Committee's retention of Chanin effective as of May 17, 2000, and that the Court grant the Committee such other and further relief as it deems just and proper.

Dated: New York, New York
May 23, 2000

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

By: United States Trust Company of New York
Its: Co-Chairperson

By: /s/ Gerard F. Ganey
Gerard F. Ganey

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